## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

4 August 1981

MEMORANDUM FOR: Deputy Director of Central Intelligence

**THROUGH** 

Chairman, National Intelligence Council

FROM

Assistant NIO for East Asia

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SUBJECT

: SIG Meeting on Micronesia

- 1. <u>Issue</u>: The SIG meeting on Micronesia scheduled for 6 August is to consider policy recommendations prepared by the Micronesian IG to move ahead with the negotiations for the Compact of Free Association for the three Micronesian Governments the US currently administers under UN Trusteeship. The Compact was negotiated and initialed under the Carter Administration but not completed in detail nor formally approved by any of the concerned parties.
- 2. <u>Background</u>: There is general intergovernmental agreement to move ahead with the Compact formula and this will almost certainly be endorsed at the 6 August meeting. The only outstanding issue appears to be one of bureaucratic jurisdiction. Interior wants to be designated the Agency to manage the relationship after the Compact is approved. State and Defense differ strongly. Deputy Secretary Clark has been quietly and privately attempting to negotiate with his counterparts in Defense and Interior to reach an acceptable compromise whereby a committee chaired by State but including Defense and Interior would manage the relationship. He is receiving support from the White House for this effort.
- 3. Recommendation: The IG has been meeting for the past four months to develop the policy recommendations. There has been no CIA participation in these meetings. In view of the fact that Micronesia is essentially an internal US matter, I would recommend against participation in the SIG. The Agency has had no operational involvement or analytic interest in Micronesia since the early 1970s.

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